

Monthly Market Wrap

I October 2025

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+2.3%	+7.9%	+22.8%	+16.3%	+19.9%	+76.7%	+109.2%	15.7%
MSCI World	+1.9%	+7.7%	+20.1%	+18.4%	+20.4%	+72.3%	+91.5%	15.4%
MSCI World Small Cap	+0.1%	+7.0%	+19.5%	+15.2%	+15.0%	+42.6%	+57.6%	18.3%
MSCI Europe	+2.4%	+5.0%	+8.3%	+12.5%	+12.9%	+38.1%	+68.5%	13.3%
MSCI EM	+4.1%	+12.7%	+25.9%	+30.3%	+25.2%	+65.2%	+27.0%	16.1%
MSCI AC Asia	+3.6%	+11.4%	+22.4%	+25.8%	+22.8%	+67.8%	+33.1%	15.0%
SEMDEX	+0.3%	+1.7%	+4.4%	+2.7%	+0.4%	+20.1%	+68.1%	11.4%
DEMEX	-1.4%	-0.2%	-3.5%	-6.4%	-5.1%	-18.2%	+13.0%	10.2%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.3%	+1.9%	+1.9%	+7.6%	+5.7%	+17.8%	-7.9%	7.8%
Barclays US Aggregate Bond	+0.6%	+2.9%	+3.5%	+6.8%	+6.2%	+17.8%	-1.2%	6.4%
Barclays High Yield bond	+0.7%	+2.9%	+7.4%	+10.4%	+10.7%	+45.3%	+30.3%	8.0%
JP Morgan EMU IG Bond	+0.9%	+0.9%	+0.6%	+1.3%	+2.1%	+7.9%	-12.4%	6.3%
JP Morgan EM Bond	+2.1%	+5.5%	+10.6%	+12.8%	+12.4%	+43.6%	+12.6%	9.7%
FTSE Asian Broad Bond	+0.8%	+3.0%	+5.4%	+8.1%	+7.6%	+30.2%	+7.2%	5.9%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	60.98	-2.2%
Brent Crude Oil / Bbl	65.07	-2.9%
Natural Gas / mmBtu	4.12	+24.9%
Copper / oz	508.90	+4.8%
Silver / oz	48.69	+4.4%
Gold / oz	4,002.92	+3.7%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	50.1%	+0.2%
Commerce	11.1%	+4.4%
Industry	5.3%	-0.7%
Investments	17.4%	-2.9%
Leisure & Hotels	9.0%	-0.7%
Property	3.3%	+10.1%
ICT	3.2%	+2.2%
Sugar	0.4%	0.0%
Foreign	0.1%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	4.21%	4.47%	4.83%	5.05%	5.25%	5.54%	5.84%	5.97%
-1M	3.95%	4.35%	4.82%	5.07%	5.24%	5.53%	5.85%	5.96%

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Selected economic data*

Index	Manufacturing PMI		Service PMI		Consumer confidence		CPI YoY	Policy rate	Unemployment
	Current	-1M	Current	-1M	Current	-1M	Current	Current	Current
US	52.5	52.0	54.8	54.2	95.5	95.6	3.0%	3.75% - 4.00%	4.4%
Germany	49.6	49.5	54.6	51.5	NA	90.0	2.3%	2.2%	6.3%
France	48.8	48.2	48.0	48.5	90.0	88.0	0.9%	2.2%	7.7%
UK	49.7	46.2	52.3	50.8	-17.0	-19.0	3.6%	4.0%	5.0%
Japan	48.2	48.6	53.1	53.3	35.5	35.0	3.0%	0.5%	2.6%
China	50.6	51.2	52.6	52.9	NA	NA	0.2%	4.4%	4.0%
India	59.2	57.7	58.9	60.9	NA	NA	0.3%	5.5%	7.7%

**based on latest available data*

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	251.33	+0.3%	+1.0%	+3.8%	0.3%
SBM Universal Fund	MUR	Multi-asset	38.35	+1.3%	+2.7%	+6.6%	6.3%
SBM Growth Fund	MUR	Global equities	18.89	+2.0%	+3.7%	+8.8%	10.4%
SBM India Opportunities Fund (Class B)	USD	Indian equities	97.73	+3.4%	+0.3%	-4.3%	

Commentary

Local indices registered diverging performances in October with the SEMDEX ending in marginally positive territory with a return of +0.3% to close at 2,469.01 points while the DEMEX headed south to 220.94 points, equivalent to a return of -1.4%. The main leaders, that is, companies which contributed to the positive performances of the SEMDEX were ASCE, IBLL and SHELL while the main laggards were ERL, MSE and PAD. The top three price performers were ASCE (+11.1%), ENLG (+7.0%) and IBLL (+4.8%), while the detractors were UBP (-10.4%), MSE (-7.1%) and ERL (-6.8%). The price-earnings ratio and dividend yield of the SEMDEX stood at 7.52x and 4.60%, respectively as at 31 October against corresponding figures of 7.44x and 4.61%, as at 30 September. During the month, foreign investors remained net seller, though to a lower tune of MUR 165.1M (vs. MUR 223.8M in Sep-25), led mainly by MCBG, ERL and SBMH.

Global equity markets extended their gains in October, supported by moderating inflation data and growing expectations that major central banks, particularly the Federal Reserve (Fed), were moving closer to additional rate cuts. Investor sentiment was further supported by resilient corporate earnings and a modest improvement in US-China trade relations; the MSCI World index added 1.9% MoM.

In the United States, the S&P 500 gained 2.3% in October driven by broadly solid corporate earnings, the Fed's widely expected 25bps rate cut and easing tensions between the US and China. Growth stocks outperformed their value counterparts, registering 3.3% vs 1.0% MoM. 6 out of 11 major industry groups recorded positive returns, led by Information Technology, Health Care and Consumer Discretionary. The S&P Global US Manufacturing PMI recorded 52.5 in October, up from 52.0 in September, indicating an improvement in operating conditions, underpinned by the fastest growth in demand recorded in nearly 2 years. Employment growth softened to a 3-month low, and input inventories rose only modestly, suggesting manufacturers remain cautious amid a still-fragile global demand.

The Eurostoxx 50 index advanced by 2.4% in October, supported by easing inflation, stable monetary policy, and improving sentiment across cyclical sectors. The CAC 40 and FTSE MIB indices recorded respective performances 2.9% and 1.1%, while the DAX 30 index registered 0.3%. Manufacturing activity in the Euro area expanded in October, signalling a return to expansion for the first time since mid-2022; the PMI headline index rose marginally to 50.0 (September 2025: 49.8). The improvement was driven by a modest pickup in new orders and output, particularly in Germany and France, where demand conditions showed tentative signs of stabilisation. Input cost inflation remained contained, while business confidence improved on expectations of lower interest rates and easing supply-side pressures. In the UK, the FTSE 100 gained 3.9%, boosted by strong corporate earnings and expectations of further easing by the Bank of England. The S&P Global UK Manufacturing PMI rose to 49.7 in October from 46.2 in September, marking a 12-month high and indicating a much slower pace of contraction. The improvement was driven by stabilising demand and a softer decline in output and new orders, while easing input cost pressures supported business sentiment.

Japanese equities were the best performer amongst developed peers with the Nikkei 225 rallying by 16.6% MoM, driven by a weaker yen boosting export earnings, strong results from major technology and industrial firms, and renewed foreign investor inflows. Operating conditions worsened in October with the PMI edging down to 48.2 in October from 48.5 in September, indicating further contraction in output; Weak demand, especially across the automotive and semiconductor segments, placed further pressure on the sector, leading to a sharp decline in new orders, the steepest contraction since early 2024.

Emerging markets outperformed developed markets' equities with the MSCI Emerging Markets index recording 4.1% MoM. The CSI 300 index remained broadly flat during the month, both in local currency and in USD terms, as supportive policy measures and targeted stimulus were offset by ongoing concerns over the property sector and subdued corporate earnings momentum. China Manufacturing PMI eased to 50.6 in October 2025 (September 2025: 51.2), reflecting softer growth in new orders and production, alongside lingering weakness in external demand. Indian equities extended their upward momentum in October with the BSE Sensex advancing 4.6%, supported by robust domestic flows, sustained strength in corporate earnings, and continued resilience in domestic demand. Manufacturing PMI rose to 59.2 in October from an earlier reading of 57.7, signalling a faster and robust improvement in manufacturing conditions; the upturn was driven by strong increases in output and new orders, supported by resilient domestic demand and improved business confidence.

In fixed income, the Barclays Global Aggregate Bond index registered -0.3% MoM. The 10-year yield closed the month at 4.08%, 7bps lower than the earlier month's reading, reflecting softer inflation data and rising expectations of further monetary easing, though the move was not sufficient to drive meaningful gains across global bond markets. The Fed cut interest rates by 25bps at its October meeting for the second time in 2025, setting the federal funds rate at a 3.75%-4.00% range. The FOMC also announced its plan to end quantitative tightening by December, wrapping up a 3-year balance sheet reduction. In Europe, the ECB held steady, keeping the three key interest rates unchanged; the deposit facility stood at 2.00%, the main refinancing rate at 2.15%, and the marginal lending facility at 2.40%.

On the commodity side, the S&P GSCI index posted 1.3% MoM. Crude oil prices retreated in October amid softer global demand and higher inventory levels; Brent and WTI registered -2.9% and -2.2% respectively. Natural gas surged by 24.9% MoM, driven by stronger seasonal demand ahead of winter and concerns over reduced supply availability in key producing regions. Within industrial metals, the price of copper increased by 4.8% MoM, while silver extended its rally with a gain of 4.4%. Gold surged to fresh record highs, closing the month at USD 4,002.92 per ounce, up 3.7% MoM.

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